High Income Fund Second Quarter 2014 Report

CALAMOS®

OVERVIEW

The fund invests in a diversified portfolio of U.S. and non-U.S. high yield bonds.

KEY FEATURES

» Focus on the mid-credit tiers using three decades of credit evaluation to find issuers with sustainable revenues and lower risk of default

» Emphasis on total return, rather than an exclusive focus on yield, may enhance our ability to generate alpha and preserve capital over the entire credit cycles

» A disciplined process using fundamental analysis which can potentially provide the best opportunity for identifying investments

FUND TICKER SYMBOLS

A Shares	C Shares	I Shares
CHYDX	CCHYX	CIHYX

Key Drivers of Performance

» The fund had positive performance in the second quarter as the high-yield market continued to rally.

» Consumer staples selection supported returns, as the household products industry in particular outperformed.

» An underweight toward and selection in the financials sector detracted from returns, in particular holdings within the diversified banks industry.

Market and portfolio overview

» The Credit Suisse High Yield Index returned 2.41% in the quarter, supported by lower yields and credit spreads.

» The market was supported by the improving U.S. economy, including accelerating manufacturing and auto sales.

» Bonds rated CCC and below posted the strongest return and outperformed BB and B credits.

Positioning

» Our focus continues to be on issuers' balance sheets and debt servicing abilities.

» We favor mid-grade credits that we believe offer the best risk/reward profiles over the credit cycle.

» The portfolio's largest overweight positions are to the consumer discretionary and information technology sectors while the largest underweight positions are toward financials and telecommunication services.

AVERAGE ANNUAL RETURNS	QTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE I SHARE INCEPTION	SINCE A SHARE INCEPTION
Calamos High Income Fund							
I shares – at NAV (Inception 3/1/02)	2.30%	11.09%	7.93%	11.15%	7.23%	7.84%	N/A
A shares – at NAV (Inception 8/2/99)	2.23	10.82	7.67	10.87	6.95	N/A	7.04%
A shares – Load adjusted	-2.60	5.58	5.95	9.80	6.44	N/A	6.69
BofA ML BB-B High Yield Constrained Index	2.49	11.37	8.94	12.49	8.19	8.62	7.18
Credit Suisse High Yield Index	2.41	11.81	9.42	13.76	8.67	9.60	7.94

The Credit Suisse High Yield Index return "Since A share Inception" start date is 7/31/99 and the "Since I share Inception" start date is 2/28/02.

Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. The principal value of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Load-adjusted returns take into account the Fund's maximum 4.75% front-end sales load. You can obtain performance data current to the most recent month end by visiting www.calamos.com.

Performance may reflect waivers or reimbursement of certain expenses. Calendar year returns measure net investment income and capital gain or loss from portfolio investments for each period specified. Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualized average. All performance shown assumes reinvestment of dividends and capital gains distributions. In calculating net investment income, all applicable fees and expenses are deducted from the returns.

The offering price for Class I shares is the NAV per share with no initial sales charge. There are no contingent deferred sales charges or distribution or service fees with respect to Class I shares. The minimum initial investment required to purchase each Fund's Class I shares is $1 million. Class I shares are offered primarily for direct investment by investors through certain tax-exempt retirement plans (including 401(k) plans, 457 plans, employer-sponsored 403(b) plans, profit sharing and money purchase pension plans, defined benefit plans and non qualified deferred compensation plans) and by institutional clients, provided such plans or clients have assets of at least $1 million. Class I shares may also be offered to certain other entities or programs, including, but not limited to, investment companies, under certain circumstances.

There can be no assurance that the professionals currently employed by Calamos Financial Services will continue to be employed by Calamos Financial Services or that the past performance or success of any such professional serves as an indicator of such professional's future performance or success.

There can be no assurance that the Fund will achieve its investment objective.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Calamos High Income Fund Second Quarter 2014 Report

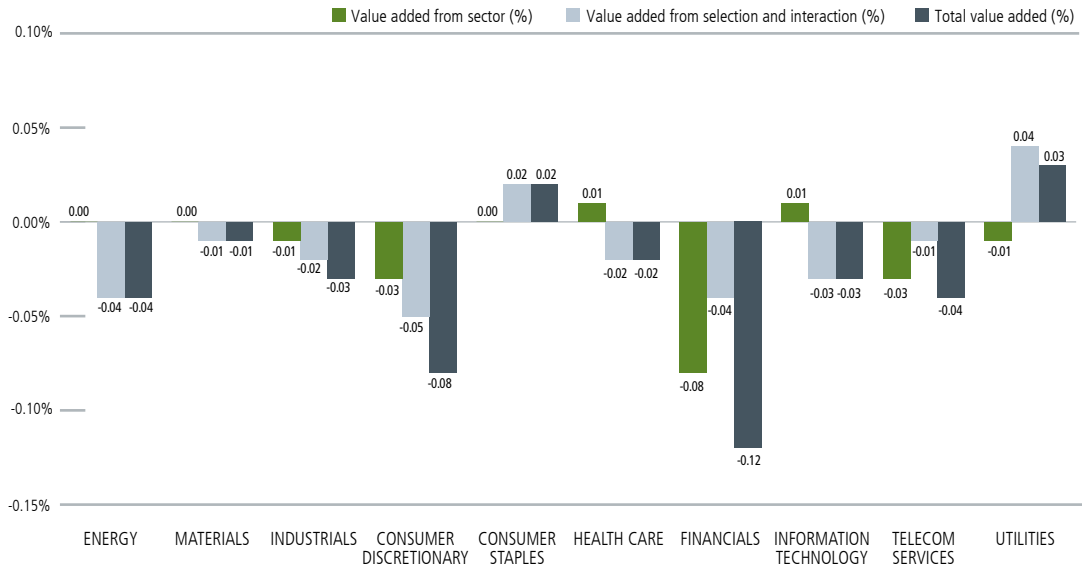
Quarterly Attribution Analysis

The fund had positive performance as the high-yield market continued to rally. The fund's performance slightly lagged the BofA ML BB-B High Yield Constrained Index during the quarter primarily because of positioning and selection in the financials and consumer discretionary sectors.

Selection in the utilities sector added value as holdings in the electric utilities and multi-utilities industries outperformed. Consumer staples selection also supported returns, as the household products industry in particular outperformed.

An underweight toward and selection in the financials sector detracted from returns during the quarter, in particular holdings within the diversified banks industry. An overweight toward and selection in the consumer discretionary sector also held back returns. Within the index, consumer discretionary names most lagged the index. Additionally, positions in the automobiles manufacturers, hotels, resorts and cruise lines and homebuilding industries lagged.

HIGH INCOME FUND VERSUS BOFA ML HIGH YIELD BB-B CONSTRAINED INDEX



SECTOR WEIGHTS (AVERAGE % WEIGHT DURING THE QUARTER)

High Income Fund	16.72	10.61	12.20	26.14	4.27	6.74	6.24	7.47	4.93	2.35
BofA ML High Yield BB-B Constrained Index	15.53	9.06	10.46	20.50	4.06	8.22	14.71	4.25	9.43	3.59
Over/underweight	1.19	1.54	1.73	5.64	0.21	-1.48	-8.47	3.23	-4.50	-1.24

SECTOR RETURNS (%)

High Income Fund	2.59	2.43	1.73	1.74	2.32	1.58	2.74	2.34	2.80	5.32
BofA ML High Yield BB-B Constrained Index	2.83	2.49	1.92	1.91	1.92	1.94	3.44	2.78	3.06	3.46
Relative Return	-0.24	-0.05	-0.18	-0.17	0.40	-0.35	-0.70	-0.45	-0.26	1.87

Calculations may be subject to rounding.

Calamos High Income Fund Second Quarter 2014 Report

Market Commentary

SECOND QUARTER REVIEW

High yield bonds were supported by falling yields and tightening credit spreads. The 5-year Treasury yield declined 11 basis points to 1.62% while the average credit spread narrowed 22 basis points to a post crisis low of 372 basis points over comparable Treasurys. The yield-to-worst declined 32 basis points to 5.01% after it briefly set a new all-time low of 4.85% in June. Bonds rated CCC continued to rally in the second quarter with a gain of 2.93%, outperforming the BB and B rated market segments.

High yield performed well amidst a backdrop of improving economic data. At its June meeting, the Federal Reserve pledged to continue the tapering of monthly asset purchases as U.S. economic growth and the job market continued to improve. U.S. manufacturing is accelerating after bouncing back from the severe winter weather. Also, the auto industry posted the strongest sales in seven years while consumer confidence stands at the best level in years. Not all news has been positive though, as the uncertainty of renewed conflict in Iraq kept the markets on edge and U.S. consumer prices also rose the most in 15 months.

OUTLOOK

The combination of stable Treasury yields, moderate economic growth, and extremely low volatility continues to be supportive of high yield bonds. We still expect Treasury yields to migrate higher as the year progresses due to the completion of the quantitative easing program, improving economic growth, and moderately increasing inflation. However, higher Treasury rates likely will be tempered because of limited supply and strong demand for Treasurys due to their attractiveness versus other sovereigns. We are monitoring geopolitical external risks with turmoil in Iraq, tensions escalating in the Ukraine and Russia, the potential global impact from slowing Chinese growth, and possible European Central Bank stimulus policies.

With the significant rally year to date, earning return beyond yield is becoming more improbable. However, our view remains that high yield offers an attractive option for fixed income investors concerned about generating income and excess returns over Treasurys in a rising rate environment.

We are closely monitoring the market for signs of a turn in the default cycle. While the more aggressive issuance and risk-taking in the high yield and leveraged loan markets is concerning, we do not believe that we are close to default rates spiking. With a supportive fundamental and technical backdrop, the high yield asset class still appears attractive relative to other fixed income alternatives over the next year.

Calamos High Income Fund Second Quarter 2014 Report

Fund Information

TOP 10 HOLDINGS[1]

Ryland Group, Inc.	1.5%
Hughes Satellite Systems Corp.	1.4
United Rentals North America, Inc.	1.3
W&T Offshore, Inc.	1.2
New Gold, Inc.	1.2
Nuance Communications, Inc.	1.2
Land O'Lakes, Inc.	1.2
Viasystems, Inc.	1.2
Jaguar Land Rover Automotive, PLC	1.2
Gulfmark Offshore, Inc.	1.2
TOTAL	12.6

Holdings and weightings are subject to change daily. Holdings are provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned.

[1] Top 10 Holdings are calculated as a percentage of Net Assets. The tables exclude cash or cash equivalents, any government/sovereign bonds or broad based index hedging securities the portfolio may hold. You can obtain a complete listing of holdings by visiting www.calamos.com.

RISK MEASURES SINCE FUND INCEPTION

	FUND	BOFA ML HIGH YIELD BB-B CONSTRAINED INDEX
Alpha	0.22%	N/A
Beta	0.96	1.00
Annualized Standard Deviation	8.97%	8.66%
R-squared	85.31	100.00
Tracking Error	3.46%	N/A

FUND FACTS

	FUND	BOFA ML HIGH YIELD BB-B CONSTRAINED INDEX
Number of Holdings	162	1,779
Total Net Assets	$252.1 million	N/A
Weighted Average Duration	5.2 years	5.4 years
Weighted Average Maturity	6.7 years	8.7 years
30-Day SEC Yield (A shares)	3.35%	N/A
Portfolio Turnover (12 months)	57.59%	N/A

FUND INFORMATION

	A SHARES	B SHARES	C SHARES	I SHARES
Sales Load/Maximum Sales Charge	Front-End/4.75%	Back-End/5.00%	Level-Load/1.00%	N/A
Gross Expense Ratio°	1.18%	1.93%	1.93%	0.93%
Net Expense Ratio°	1.18%	1.93%	1.93%	0.93%

° As of prospectus dated 3/1/14

Term Definitions

Credit spread is the additional yield an investor receives for a security with credit risk, over the yield it would receive for a risk-free security, such as U.S. Treasuries. A tightening of spreads implies the market is factoring in less risk. **Coupon clipping** refers to a bond investment strategy that favors bonds with higher yields than the benchmark as a way to generate out-performance. **Yield to worst** is the lowest potential yield that can be received on a bond without the issuer actually defaulting. **Spread to worst** measures the difference from the worst performing security to the best, and can be seen as a measure of dispersion of returns within a given market or between markets. **Yield curve** is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality, but differing maturity dates. The most frequently reported yield curve compares the three-month, two-year, five-year and 30-year U.S. Treasury debt. **Dollar price** is percentage of par, or face value, at which a bond is quoted. Dollar price is one method by which the price of a bond is quoted. **Quantitative easing** is an unconventional monetary policy in which a central bank purchases government securities or other securities from the market in order to lower interest rates and increase the money supply. **Debt/capital ratio** is a measure of a company's financial leverage, calculated as the company's debt divided by its total capital. **ROIC (return on invested capital)** measures how effectively a company uses the money invested in its operations, calculated as a company's net income minus any dividends divided by the company's total capital. **Alpha** is the measurement of performance on a risk adjusted basis. A positive alpha shows that performance of a portfolio was higher than expected given the risk. A negative alpha shows that the performance was less than expected given the risk. **Beta** is a historic measure of a fund's relative volatility, which is one of the measures of risk; a beta of 0.5 reflects 1/2 the market's volatility as represented by the Fund's primary benchmark, while a beta of 2.0 reflects twice the volatility. **Annualized standard deviation** is a statistical measure of the historical volatility of a mutual fund or portfolio. **R-squared** is a mathematical measure that describes how closely a security's movement reflects movements in a benchmark. **Tracking error** is a measure of the volatility of excess returns relative to a benchmark. A credit rating is a relative and subjective measure of a bond issuer's credit risk, including the possibility of default. **Current (SEC) Yield** reflects the dividends and interest earned by the Fund during the 30-day period ended as of the date stated above after deducting the Fund's expenses for that same period. Credit ratings are assigned to companies by third-party groups, such as Standard & Poor's. Assets with the highest ratings are referred to as "investment grade" while those in the lower tiers are referred to as "noninvestment grade" or "high-yield. Ratings are measured using a scale that typically ranges from AAA (highest) to D (lowest).

Index definitions

The **BofA Merrill Lynch BB-B U.S. High Yield Constrained Index (HUC4)** contains all securities in the **BofA Merrill Lynch U.S. High Yield Index** rated BA1 through B3, based on an average of Moody's, S&P and Fitch, but caps issuer exposure at 2%. Index constituents are capitalization-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. **Credit Suisse High Yield Index** is an unmanaged index of high yield debt securities.

Additional Information

Past performance does not indicate future results. No investment strategy or objective is guaranteed and a client's account value can fluctuate over time and be worth more or less that the original investment. The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice.

Important Fund Risk Information.

An investment in the Fund(s) is subject to risks, and you could lose money on your investment in the Fund(s). There can be no assurance that the Fund(s) will achieve its investment objective. Your investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. The risks associated with an investment in the Fund(s) can increase during times of significant market volatility. The Fund(s) also has specific principal risks, which are described below. More detailed information regarding these risks can be found in the Fund's prospectus. The principal risks of investing in the Calamos High Income Fund include: high yield risk consisting of increased credit and liquidity risks, convertible securities risk consisting of interest rate risk and credit risk, synthetic convertible instruments risk, interest rate risk, credit risk, liquidity risk, portfolio selection risk, foreign securities risk and liquidity risk. As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities, including fluctuations in currency exchange rates, increased price volatility and difficulty obtaining information. In addition, emerging markets may present additional risk due to potential for greater economic and political instability in less developed countries. The Fund's fixed income securities are subject to interest rate risk. If rates increase, the value of the Fund's investments generally declines. Owning a bond fund is not the same as directly owning fixed income securities. If the market moves, losses will occur instantaneously, and there will be no ability to hold a bond to maturity.

Before investing carefully consider the fund's investment objectives, risks, charges and expenses. Please see the prospectus and summary prospectus containing this and other information or call 1-800-582-6959. Read it carefully before investing.

CALAMOS®

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